

**Message to the Congress Reporting
on the National Emergency With
Respect to the Federal Republic of
Yugoslavia (Serbia and Montenegro)**

May 25, 1993

To the Congress of the United States:

On May 30, 1992, in Executive Order No. 12808, President Bush declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States arising from actions and policies of the Governments of Serbia and Montenegro, acting under the name of the Socialist Federal Republic of Yugoslavia or the Federal Republic of Yugoslavia, in their involvement in and support for groups attempting to seize territory in Croatia and Bosnia-Herzegovina by force and violence utilizing, in part, the forces of the so-called Yugoslav National Army (57 *FR* 23299, June 2, 1992). The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c). It discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency in Executive Order No. 12808 and to expanded sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S/M)") contained in Executive Order No. 12810 of June 5, 1992 (57 *FR* 24347, June 9, 1992), Executive Order No. 12831 of January 15, 1993 (58 *FR* 5253, January 21, 1993), and Executive Order No. 12846 of April 26, 1993 (58 *FR* 25771, April 27, 1993).

1. Executive Order No. 12808 blocked all property and interests in property of the Governments of Serbia and Montenegro, or held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the Government of the Federal Republic of Yugoslavia, then or thereafter located in the United States or within the possession or control of U.S. persons, including their overseas branches.

Subsequently, Executive Order No. 12810 expanded U.S. actions to implement in the United States the U.N. sanctions against the FRY (S/M) adopted in United Nations Security Council Resolution No. 757 of May 30, 1992. In addition to reaffirming the blocking

of FRY (S/M) Government property, this order prohibits transactions with respect to the FRY (S/M) involving imports, exports, dealing in FRY-origin property, air and sea transportation, contract performance, funds transfers, activity promoting importation or exportation or dealings in property, and official sports, scientific, technical, or cultural representation of the FRY (S/M) in the United States.

Executive Order No. 12810 exempted from trade restrictions (1) transshipments through the FRY (S/M), and (2) activities related to the United Nations Protection Force ("UNPROFOR"), the Conference on Yugoslavia, or the European Community Monitor Mission.

On January 15, 1993, President Bush issued Executive Order No. 12831 to implement new sanctions contained in United Nations Security Council Resolution No. 787 of November 16, 1992. The order revokes the exemption for transshipments through the FRY (S/M) contained in Executive Order No. 12810; prohibits transactions within the United States or by a U.S. person relating to FRY (S/M) vessels and vessels in which a majority or controlling interest is held by a person or entity in, or operating from, the FRY (S/M), and states that all such vessels shall be considered as vessels of the FRY (S/M), regardless of the flag under which they sail. Executive Order No. 12831 also delegates discretionary authority to the Secretary of the Treasury, in consultation with the Secretary of State, to prohibit trade and financial transactions involving any areas of the former Socialist Federal Republic of Yugoslavia as to which there is inadequate assurance that such transactions will not be diverted to the benefit of the FRY (S/M).

On April 26, 1993, I issued Executive Order No. 12846 to implement in the United States the sanctions adopted in United Nations Security Council Resolution No. 820 of April 17, 1993. That resolution called on the Bosnian Serbs to accept the Vance-Owen peace plan for Bosnia-Herzegovina and, if they failed to do so by April 26, called on member states to take additional measures to tighten the embargo against the FRY (S/M) and Serbian-controlled areas of Croatia and Bosnia-Herzegovina.

Effective 12:01 a.m. e.d.t., April 26, 1993, Executive Order 12846: (1) blocks all property and interests in property of businesses organized or located in the FRY (S/M), including the property of their U.S. and other foreign subsidiaries, that are in or later come within the United States or the possession or control of U.S. persons, including their overseas branches; (2) confirms the charging to the owners or operators of property blocked under this order or Executive Orders No. 12808, No. 12810, or No. 12831 all expenses incident to the blocking and maintenance of such property, requires that such expenses be satisfied from sources other than blocked funds, and permits such property to be sold and the proceeds (after payment of expenses) placed in a blocked account; (3) orders (a) the detention pending investigation of all nonblocked vessels, aircraft, freight vehicles, rolling stock, and cargo within the United States suspected of violating United Nations Security Council Resolutions No. 713, No. 757, No. 787, or No. 820, and (b) the blocking of such conveyances or cargo if a violation is determined to have been committed, and permits the liquidation of such blocked conveyances or cargo and the placing of the proceeds into a blocked account; (4) prohibits any vessel registered in the United States, or owned or controlled by U.S. persons, other than U.S. naval vessels, from entering the territorial waters of the FRY (S/M); and (5) prohibits U.S. persons from engaging in any transactions relating to the shipment of goods to, from, or through United Nations Protected Areas in the Republic of Croatia and areas in the Republic of Bosnia-Herzegovina under the control of Bosnian Serb forces.

Executive Order No. 12846 authorizes the Secretary of the Treasury in consultation with the Secretary of State to take such actions, and to employ all powers granted to me by the authorities cited above, as may be necessary to carry out the purposes of that order. The sanctions imposed in the order do not invalidate existing licenses or authorizations issued pursuant to Executive Orders No. 12808, No. 12810, or No. 12831 except as those licenses and authorizations may thereafter be terminated, suspended, or modified by the issuing Federal agencies, but

otherwise the sanctions apply notwithstanding any preexisting contracts, international agreements, licenses, or authorizations.

2. The declaration of the national emergency on May 30, 1992, was made pursuant to the authority vested in the President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3 of the United States Code. The emergency declaration was reported to the Congress on May 30, 1992, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)). The additional sanctions set forth in Executive Orders No. 12810, No. 12831, and No. 12846 were imposed pursuant to the authority vested in the President by the Constitution and laws of the United States, including the statutes cited above, section 1114 of the Federal Aviation Act of 1958, as amended (49 U.S.C. App. 1514), and section 5 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287c).

3. Since the last report, the Office of Foreign Assets Control of the Department of the Treasury ("FAC"), in consultation with the Department of State and other Federal agencies, issued the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations, 31 C.F.R. Part 585 (58 *FR* 13199, March 10, 1993—the "Regulations"), to implement the prohibitions contained in Executive Orders No. 12808, No. 12810, and No. 12831. A copy of the Regulations is enclosed with this report. The seven general licenses discussed in the last report were incorporated into the Regulations. The Regulations contain general licenses for certain transactions incident to: the receipt or transmission of mail and informational materials and for telecommunications transmissions between the United States and the FRY (S/M); the importation and exportation of diplomatic pouches; certain transfers of funds or other financial or economic resources for the benefit of individuals located in the FRY (S/M); the importation and exportation of household and personal effects of persons arriving from or departing to the FRY (S/M); transactions related to nonbusiness travel by

U.S. persons to, from, and within the FRY (S/M); and transactions involving secondary-market trading in debt obligations originally incurred by banks organized in Slovenia, Croatia, Bosnia-Herzegovina, and Macedonia.

On January 15, 1993, FAC issued General Notice No. 2, entitled "Notification of Status of Yugoslav Entities." A copy of the notice is attached. The list is composed of government, financial, and commercial entities organized in Serbia or Montenegro and a number of foreign subsidiaries of such entities. The list is illustrative of entities covered by FAC's presumption, stated in the notice, that all entities organized or located in Serbia or Montenegro, as well as their foreign branches and subsidiaries, are controlled by the Government of the FRY (S/M) and thus subject to the blocking provisions of the Executive orders. General Notice No. 2, which includes more than 400 entities, expands and incorporates the list of 284 entities identified in General Notice No. 1 (57 *FR* 32051, July 20, 1992), noted in the previous report.

As part of a U.S.-led allied effort to tighten economic sanctions against Yugoslavia, on March 11, 1993, FAC named 25 maritime firms and 55 ships controlled by these firms as "Specially Designated Nationals" ("SDNs") of Yugoslavia. A copy of General Notice No. 3 is attached. These shipping firms and the vessels they own, manage, or operate by using foreign front companies, changing vessel names, and reflagging ships, are presumed to be owned or controlled by or to be acting on behalf of the Government of the FRY (S/M). In addition, pursuant to Executive Order No. 12846, the property within U.S. jurisdiction of these firms is blocked as direct or indirect property interests of firms organized or located in the FRY (S/M).

The FRY (S/M) has continued to operate its maritime fleet and trade in violation of the international economic sanctions mandated by United Nations Security Council Resolutions No. 757 and No. 787. Operations and activities by Yugoslav front companies, or SDNs, enable the Government of the FRY (S/M) to circumvent the international trade embargo. The effect of FAC's SDN designation is to identify agents and property of the

Government of the FRY (S/M), and property of entities organized or located in the FRY (S/M), and thus to extend the applicability of the regulatory prohibitions governing transactions with the Government of the FRY (S/M) and its nationals by U.S. persons to these designated individuals and entities wherever located, irrespective of nationality or registration. U.S. persons are prohibited from engaging in any transaction involving property in which an SDN has an interest, which includes all financial and trade transactions. All SDN property within the jurisdiction of the United States (including financial assets in U.S. bank branches overseas) is blocked.

The two court cases in which the blocking authority was challenged as applied to FRY (S/M) subsidiaries and vessels in the United States remain pending at this time. In one case, the plaintiffs have challenged the application of Executive Order No. 12846, and the challenge remains to be resolved. The other case is presently pending before a U.S. Court of Appeals.

4. Over the past 6 months, the Departments of State and the Treasury have worked closely with European Community (the "EC") member states and other U.N. member nations to coordinate implementation of the sanctions against the FRY (S/M). This has included visits by assessment teams formed under the auspices of the United States, the EC, and the Conference for Security and Cooperation in Europe (the "CSCE") to states bordering on Serbia and Montenegro; deployment of CSCE sanctions assistance missions ("SAMS") to Albania, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Hungary, Romania, and Ukraine to assist in monitoring land and Danube River traffic; bilateral contacts between the United States and other countries with the purpose of tightening financial and trade restrictions on the FRY (S/M); and establishment of a mechanism to coordinate enforcement efforts and to exchange technical information.

5. In accordance with licensing policy and the Regulations, FAC has exercised its authority to license certain specific transactions with respect to the FRY (S/M) that are consistent with the Security Council sanctions.

During the reporting period, FAC has issued 163 specific licenses regarding transactions pertaining to the FRY (S/M) or assets it owns or controls, bringing the total as of April 30, 1993, to 426. Specific licenses have been issued for (1) payment to U.S. or third-country secured creditors, under certain narrowly defined circumstances, for pre-embargo import and export transactions; (2) for legal representation or advice to the Government of the FRY (S/M) or FRY (S/M)-controlled clients; (3) for restricted and closely monitored operations by subsidiaries of FRY (S/M)-controlled firms located in the United States; (4) for limited FRY (S/M) diplomatic representation in Washington and New York; (5) for patent, trademark and copyright protection, and maintenance transactions in the FRY (S/M) not involving payment to the FRY (S/M) Government; (6) for certain communications, news media, and travel-related transactions; (7) for the payment of crews' wages and vessel maintenance of FRY (S/M)-controlled ships blocked in the United States; (8) for the removal from the FRY (S/M) of manufactured property owned and controlled by U.S. entities; and (9) to assist the United Nations in its relief operations and the activities of the U.N. Protection Force. Pursuant to United Nations Security Council Resolutions No. 757 and No. 760, specific licenses have also been issued to authorize exportation of food, medicine, and supplies intended for humanitarian purposes in the FRY (S/M).

During the past 6 months, FAC has continued to closely monitor 15 U.S. subsidiaries of entities organized in the FRY (S/M) that were blocked as entities owned or controlled by the Government of the FRY (S/M). Treasury agents performed on-site audits and reviewed numerous reports submitted by the blocked subsidiaries. Subsequent to the issuance of Executive Order No. 12846, operating licenses issued for U.S.-located Serbian or Montenegrin subsidiaries or joint ventures were revoked and the U.S. entities closed for business.

The Board of Governors of the Federal Reserve Board and the New York State Banking Department again worked closely with FAC with regard to two Serbian banking institutions in New York that were closed on June 1, 1992. Full-time bank examiners con-

tinue to be posted in their offices to ensure that banking records are appropriately safeguarded.

During the past 6 months, U.S. financial institutions have continued to block funds transfers in which there is an interest of the Government of the FRY (S/M). Such transfers have accounted for an additional \$24.5 million in blocked Yugoslav assets since the issuance of Executive Order No. 12808.

To ensure compliance with the terms of the licenses that have been issued under the program, stringent reporting requirements are imposed. Some 350 submissions were reviewed since the last report, and more than 150 compliance cases are currently open. In addition, licensed bank accounts are regularly audited by FAC compliance personnel and by cooperating auditors from other regulatory agencies.

6. Since the issuance of Executive Order No. 12810, FAC has worked closely with the U.S. Customs Service to ensure both that prohibited imports and exports (including those in which the Government of the FRY (S/M) has an interest) are identified and interdicted, and that permitted imports and exports move to their intended destination without undue delay. Violations and suspected violations of the embargo are being investigated, and appropriate enforcement actions are being taken. There are currently 39 cases under active investigation.

7. The expenses incurred by the Federal Government in the 6-month period from December 1, 1992, through May 30, 1993, that are directly attributable to the authorities conferred by the declaration of a national emergency with respect to the FRY (S/M) are estimated at \$2.9 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC and its Chief Counsel's Office and the U.S. Customs Service), the Department of State, the National Security Council, the U.S. Coast Guard, and the Department of Commerce.

8. The actions and policies of the Government of the FRY (S/M), in its involvement in and support for groups attempting to seize and hold territory in Croatia and Bosnia-Herzegovina by force and violence, continue

to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The United States remains committed to a multilateral resolution of this crisis through its actions implementing the binding resolutions of the United Nations Security Council with respect to the FRY (S/M). I shall continue to exercise the powers at my disposal to apply economic sanctions against the FRY (S/M) as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

William J. Clinton

The White House,
May 25, 1993.

White House Statement on the Situation in Guatemala

May 25, 1993

The President was very disappointed to hear that President Serrano of Guatemala has suspended the Congress and courts and other democratic rights protected by the Guatemalan Constitution. This illegitimate course of action threatens to place Guatemala outside the democratic community of nations. We strongly condemn such efforts to resolve Guatemala's problems through nondemocratic means. We hope the Guatemalan leadership will reverse its course and immediately restore full constitutional democracy.

Announcement for Posts at the National Railroad Passenger Corporation

May 25, 1993

The President today appointed Robert Kiley, the former chairman of New York's Metropolitan Transportation Authority, and former Ohio Congressman Don Pease to the Board of Directors of the National Railroad Passenger Corporation (AMTRAK). The appointments are effective immediately.

"Robert Kiley and Don Pease have both had long and distinguished careers in public service," said the President. "They both will make excellent additions to this important Board."

NOTE: Biographies of the appointees were made available by the Office of the Press Secretary.

Announcement of Under Secretary of Commerce for Technology Administration

May 25, 1993

The President announced his intention today to nominate Dr. Mary Lowe Good, the senior vice president of Allied-Signal, Inc., to be Under Secretary of Commerce for Technology Administration.

"One of the central challenges that we face in the 1990's is making sure that our Nation's technological capacities are developed as fully as possible," said the President. "With a distinguished record of commercial research and of involvement with national technology policy, Dr. Good has what it takes to help ensure that Government does its part to make that happen."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Announcement of Ambassador to Zambia

May 25, 1993

The President today announced his intention to nominate Roland Karl Kuchel to be Ambassador to Zambia. Kuchel, a career foreign service officer, is currently Assistant to the Director General of the Foreign Service.

"I am very glad to be making this nomination," said the President. "Roland Kuchel has had a long and accomplished career in the Foreign Service."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.